

Message Text

CONFIDENTIAL

PAGE 01 TEL AV 01130 210911Z

20

ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

SAM-01 /055 W

----- 125330

R 210836Z FEB 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 5657

C O N F I D E N T I A L TEL AVIV 1130

E.O. 11652: GDS

TAGS: PINT, IS

SUBJ: PROPOSED GOVERNMENT LOAN TO POLITICAL PARTIES

1. RECENT PROPOSAL BY LABOR PARTY AND HERUT WING OF LIKUD FOR GOVERNMENT LOAN TO POLITICAL PARTIES TO PAY OFF PAST DEBTS HAS CREATED MINI-UPROAR IN ISRAEL.

2. TO RESOLVE PROBLEM OF LONG-OUTSTANDING DEBTS, THE TWO MAJOR PARTIES, FACING MORE SERIOUS FINANCIAL DIFFICULTIES THAN OTHERS, RECENTLY REQUESTED IL 60 MILLION, 20 YEAR UNLINKED LOAN FROM TREASURY AT FIVE PERCENT INTEREST, AVAILABLE TO ALL PARTIES. IN SUPPORT OF PROPOSAL, THEIR LEADERS HAVE ARGUED THAT IT IS ESSENTIAL TO DEMOCRATIC PROCESS FOR POLITICAL PARTIES NOT TO BE OBLIGATED TO PRIVATE SOURCES TO RESOLVE FINANCIAL DEBTS ACCUMULATED OVER THE YEARS.

3. PUBLIC PROTESTERS OUTSIDE KNESSET FEBRUARY 17 CHARGED THAT PROPOSED LOAN WAS "PLUNDERING" STATE COFFERS AT TIME WHEN PUBLIC WAS BEING URGED TO TIGHTEN BELT. PROPOSAL HAS EVOKED WIDESPREAD CRITICISM IN PRESS AND TV COMMENTARY.

4. SENIOR LABOR PARTY LEADERS HAVE MET OPPOSITION FROM WITHIN PARTY BY INDIVIDUALS WHO FAVOR SELLING LABOR PARTY ASSETS TO PAY OFF LOANS, RATHER THAN SEEKING CONCESSIONARY GOVERNMENT LOAN. PROPOSAL IS ALSO OPPOSED BY MOST GROUPS IN LIKUD

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEL AV 01130 210911Z

OTHER THAN HERUT, WHILE NATIONAL RELIGIOUS PARTY IS SPLIT OVER

ISSUE.

5. GOVERNMENT LOAN MUST BE APPROVED BY KNESSET FINANCE COMMITTEE, WHERE MAJORITY SUPPORT AT THE MOMENT IS NOT CERTAIN. LABOR PARTY, LIKUD, AND NRP NOW TRYING TO RESOLVE INTERNAL DIFFERENCES BEFORE BRINGING IT TO KNESSET COMMITTEE. OPPOSITION GROUPS HOWEVER MAY MOVE PROPOSAL FOR FULL KNESSET DEBATE, WHERE IT IS LIKELY TO PROVOKE STORMY SESSION.

6. COMMENT: COLLUSION OF TWO MAJOR PARTIES TO PUSH THROUGH MEASURE TO RESOLVE THEIR FINANCIAL PLIGHTS SEEMS TO US POORLY TIMED. PUBLIC CRITICISM WAS BOUND TO DEVELOP AND BRING INTO QUESTION ERODING MORALITY IN ISRAEL POLITICAL LIFE AT TIME WHEN PUBLIC CONFIDENCE IN POLITICAL LEADERSHIP IS URGENTLY NEEDED. ISREL, AS OTHER DEMOCRATIC COUNTRIES, IS FACED WITH QUESTION OF APPROPRIATE MEASURES TO FINANCE POLITICAL PARTIES, BUT AD-HOC MEASURE AS NOW PROPOSED SEEMS TO CREATE MORE PROBLEMS THAN IT RESOLVES.

KEATING

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT GRANTS, POLITICAL PARTIES, DEBT REPAYMENTS, PUBLIC ATTITUDES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 FEB 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TELAV01130
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750062-0272
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750222/aaaaatee.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 07 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 AUG 2003 by WorrelSW>; APPROVED <01 DEC 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED GOVERNMENT LOAN TO POLITICAL PARTIES
TAGS: PINT, IS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006